

IMPACT SHEET • SWITCH-ASIA PROJECT
GREEN RETAIL INDIA

Greening the food and beverage supply chain in India



The project supported four large F&B retailers and nine SME suppliers in India in adopting sustainable practice, leading to 10-24% energy savings and a 25% reduction in operational costs



The Challenge

India's retail sector is one of most energy-intensive, and food and beverage (F&B) alone accounts for 60% of the sector. Energy consumption in F&B accounts for about 15% of operational costs for retailers. The estimated waste in F&B sector is around 40% due to poor infrastructure, transportation and handling practice. Millions of plastic bags dispensed at cash counters also add to environmental issues. Additionally, there is an urgent need to minimise the use of non-biodegradable packaging material by effective reuse and recycling. Around 80 to 90% of the retailers' total carbon footprint stems from their products, and this is an aspect which needs to be managed sustainably. Coordination between key stakeholders in order to promote green products and sustainability is currently still weak. Low awareness among consumers regarding sustainable consumption also weakens the demand side 'pull' for green products.

Objective

The project aimed at contributing towards sustainable development of the F&B retail sector in India, by greening the retail supply chain. It sought to facilitate the switch to resource-efficient practice in retailers' own operations and contribute to the evolution of green consumers and markets. The specific objectives were:

- to capacitate and collaborate with large retail chains with the aim of instilling sustainable thinking and adoption of sustainable approaches in their strategy, operations and marketing;
- to drive sustainable practice in the supply chain of retailers;
- to transfer knowledge / best practice and successful experience of European retailers;
- to capacitate, support and encourage key stakeholders to educate consumers on sustainable consumption and create a favourable climate that nurtures the adoption of sustainable practice.

TARGET GROUPS

- Large retail chains
- Selected F&B retail outlets with large chains
- SMEs in the supply chain of F&B retailers
- Logistics & distribution companies
- Financial institutions
- Multi-stakeholder groups (consumer groups, government bodies, environmental NGOs)

Activities / Strategy



Developing Training Materials for Retailers and Suppliers

The project customised existing ISO 26000 and ISO 50001 training material (including sustainability reporting, cleaner production, resource efficiency and waste management aspects), and optimised packaging and green supply chain management modules to suit the training needs of retailers and suppliers. A 'supplier rating' tool based on the triple bottom line of environmental, economic and social aspects was developed for retailers to assess the sustainability performance of their SME suppliers. Based on the results of the rating system, retailers acknowledge their suppliers through an award mechanism.



Building the Capacity of Retailers, Suppliers and Farmers

Retailers were encouraged to adopt sustainable practice in their operations, such as energy efficient technologies, and supported through the development and adoption of a Sustainability Business Framework, Green Procurement Guidelines, and Sustainability Reporting. Thirty model stores in New Delhi, Mumbai, Bengaluru, Chennai and Kolkata were identified, and gap assessments conducted. The project ensured upscaling and replication through training local supply chain experts and documenting the learning as comprehensive green store guidelines. Innovative partnerships between retailers, SME suppliers and farmer producer groups were developed, mutually beneficial for stakeholders across the value chain.



Conducting Gap Analysis for SCP Recommendations

The project reached out to 38 small and medium-sized suppliers to adopt SCP approaches, techniques, tools and technologies. Gap assessment was conducted for nine SME suppliers, and two implemented the recommendations. For upscaling and replication, the project staff conducted training to provide technical support to the SMEs, creating awareness and disseminating best practice.



Creating a Sustainability Roadmap for Retail Sector

The project promoted a sustainable retail sector by encouraging retailers and their SME suppliers to switch to sustainable practice. A roadmap on "Sustainability in Retail Sector in India" was still being developed in consultation with the Retailers Association of India (RAI). The project also increased awareness among consumers on sustainable consumption and green products via multiple channels in collaboration with key stakeholders (government bodies, consumer groups, academic institutions, and environmental NGOs).

Scaling-up Strategy



Designing Tools to Guide the Retailers and Supply Chain

Tools and guidance documents for the sustainability of the Indian retail sector were developed, based on lessons learnt, to provide direction to retailers and SME suppliers beyond the project's life. The Sustainable Business Model, includes a Sustainable Business Framework, a Hotspot Methodology Manual, an Enterprise Risk Management Manual, a Stakeholder Engagement Manual, Green Procurement Guidelines, a Supplier Rating System, Green Supply Chain Management Guidelines, a Green Store Assessment Framework, and a Go Green Strategy. Four pilot retailers were expected to use the tools, which will lead to lower electricity and water consumption contributing to greening the environment.



Establishing a Model of Collection Centres

A sustainable model of collection centres was proposed, sponsored by the parent retailer of suppliers. At a collection centre, farmers are able to approach suppliers directly and obtain a higher monetary value for their produce as the norm of selling produce to middlemen is avoided. The project has signed MOU with a farmers' group, Nallasanthai Producer Company (FPO), and established a link to a retailer, Sangam Direct retail. Through the project partner, RAI, the Government of Maharashtra issued a notification exempting food and vegetables from APMC (Agriculture Produce Market Committee), thereby allowing farmers to sell their produce directly to retailers without going through middlemen.



Training of Supply Chain Executives

153 retail representatives were trained on Green Supply Chain Management (GSCM), with a further 30 supply chain management executives from the four pilot retailers provided with expert training on GSCM practice and the Sustainability Business Framework, focusing on three aspects of a supplier's operation: input, technology, and process and output. These supply chain management executives will apply their learning within their organisations to ensure greener supply chains.



Working with Consumers

About 25 000 consumers were educated on sustainable consumption through consumer awareness and education campaigns in partnership with academia, industry associations, government bodies, and civil society organisations. Consumer education campaign materials and approaches were shared with consumer rights / education groups.



In-house sustainability audit at retailer shops



The project's participation at a retailer workshop during the Retailer Technology Conclave 2015 in Mumbai

Results



Pilot Retailers Greened Their Stores

Four retailers interested in greening their stores were identified, and underwent a technical assessment with individual recommendations on how to implement energy savings. Together, the retailers covered the areas of Delhi, Chennai, Kolkata, Bangalore and Mumbai; 30 stores of these retailers were assessed and measures for improvement were identified and implemented. 11 stores underwent a second phase of more detailed assessments. SCP measures implemented included optimised lighting and installation of LED lights, repairs of inefficient equipment, installation of central energy monitoring systems, installation of energy efficient fans for open deck chillers or freezers, and installation of exhaust hoods.



Development of Sustainable Business Model

A questionnaire to establish the baseline survey in each of the 30 pilot stores was created, enabling the development of the Sustainability Business Model (SBM). SBM is a business model which comprises various sustainability measures. By implementing all the tools of the SBM, the pilot retailers established a framework enabling them to green their supply chains. 49 retail representatives were trained on SBM and convinced of its value.



SCP Practices Demonstrated through Workshops and Training

153 retail representatives from other sectors within the retail industry (lifestyle, textile, food and beverage, luxury goods, electronics, etc.) joined the GSCM training and implemented SCP changes, such as proper data keeping (log tables) and hosting in-store events to increase awareness among

consumers regarding green choices. Over 250 SME and retailer representatives attended the Green Retail session, which focussed on the use of innovative technologies, in areas such as food processing and packaging.



Greening the Supply Chain through the SME Support Programme

38 SME suppliers were educated on SCP practice, with 15 signing up to participate in the SME technical support programme. Nine suppliers were provided with gap assessment support, and two have already implemented improvement measures realising operational cost savings of 20%.



Dissemination Tools and Consumer Awareness / Education Campaigns

To ensure visibility, different communication tools were developed, including a brochure, bookmarks, posters, presentations and the website, targeting pilot retailers, consumers, SME suppliers, etc. 350 consumers participated in the Green Retail consumer awareness sessions in Chennai and Pondicherry. 89 participants took part in the Green Retail Photography Competition 'Green Consumer' announced on Green Retail's Facebook page.



Policy Intervention

Thanks to lobbying by the project, the two state governments of Maharashtra and Andhra updated retail trade policies to allow electronic bills in place of physical bills. The Government of Maharashtra further exempted farmers from 'Agricultural Produce Market Committee (APMC) Regulations', allowing farmers to sell their produce directly to retailers without going through the APMC.



Sustainable Business Model Toolbox

Upstream practices

Suppliers / SSCM

Retail practices

Downstream practices

Communication

1 Risk and opportunity assessment

Hotspots methodology

ERM Manual

2 Stakeholder

Stakeholder engagement

3 Strategic alliances

Forums, NGO cooperation

1 Greening Store Operations

Green Store Assessment Framework

1 Consumer awareness

Sustainability education

4 Green Supply Chain Management

Procurement Guidelines, SME Supplier Rating System and SME Supplier Development and Support Programme






2 Sustainable and Profitable Store Operations Training


Including Legal Compliance

2 Consumer campaigning

Sustainability weeks
Communicating Sustainability practices and success stories

Impact in Numbers

<p>Economic Impact</p> 	<ul style="list-style-type: none"> • Over 25% operational cost savings achieved by six Spencer's retail stores after implementing the project's recommendations. • Increase in production by 10 kg/day for the same energy consumption by one demonstration supplier after following SME gap assessment and implementing the recommendations.
<p>Environmental Impact</p> 	<ul style="list-style-type: none"> • Contributed to reduction of energy and resource consumptions within the retail stores
<p>Social Impacts</p> 	<ul style="list-style-type: none"> • Retail stores started to improve their energy performance against national benchmarks and installed sub-meters for utility-wise energy consumption recording. Retailers also switched to energy efficient technology and influenced building owners to use it. • Retailers were made aware of energy efficiency and the cost saving potential, e.g. varying energy use per unit area of store; they started to incorporate it in new lease agreements for new stores. • Retail stores considered new packaging options and improved storage options to reduce waste.
<p>Climate Benefits</p> 	<ul style="list-style-type: none"> • 10-24% energy savings achieved by seven retail stores of Sangam Direct since the project intervention. • Carbon reduction equivalent of energy savings in the range of 2 000 – 5 000 tonnes CO₂ at the 30 pilot stores, subject to implementation by the retailers.
<p>Target Group Engagement</p> 	<ul style="list-style-type: none"> • Created SCP awareness among 38 SME suppliers where they now monitor their resource consumption. • Developed a 'supplier rating' tool for retailers to assess the sustainability performance of their suppliers. • Identified 30 model stores in New Delhi, Mumbai, Bengaluru, Chennai and

	<p>Kolkata, followed by sustainability gap assessment of nine SMEs.</p> <ul style="list-style-type: none"> • Provided technical support to two SMEs which led to 20% operational cost savings, and training on Green Supply Chain Management to 153 retail executives. • Introduced SCP practices and innovative technologies, such as using optimal compressor pressure limits, duct insulation, leakage prevention, oil spillage reduction, refractory replacement, use of LED lights, etc. • 350 consumers participated in the Green Retail consumer awareness sessions. About 25 000 consumers were educated on sustainable consumption through consumer awareness and education campaigns in partnership with academia, industry associations, government bodies, civil society organisations.
<p>Policy Development</p> 	<ul style="list-style-type: none"> • Two policy interventions carried out which resulted in: <ul style="list-style-type: none"> • Use of electronic bills allowed in place of physical bills in the states of Maharashtra and Andhra; • Allowing farmers to sell their produce directly to retailers without going through middlemen in the state of Maharashtra. • A roadmap on 'Sustainability in Retail Sector in India' was still being developed in consultation with the Retailers' Association of India.



Sustainability Trends in Retail: Retail Leadership Summit



Legend

- Eligible countries for the SWITCH-Asia Programme
- Non-eligible Asian countries for the SWITCH-Asia Programme

Project implementation area

- City
- Region
- Country

The boundaries shown on this map do not imply on the part of the European Union any judgment on the legal status of any territory or the endorsement or acceptance of such boundaries.

OBJECTIVES

The project contributed towards sustainable development of the retail sector (F&B) in India by greening the retail supply chain, facilitating the switch to resource-efficient practices in the retailers' own operations and contributing to the evolution of green consumers and a green market.

DURATION



PROJECT TOTAL BUDGET

EUR 2 383 517 (EU contribution: 80%)

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